

Case Study

**Western North Carolina:
Regionalism - A Collective Competitive Advantage**
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Case Study

Overview Western North Carolina: Regionalism - A Collective Competitive Advantage

When competing for new business and economic growth, it is rare for two counties to work together. In Western North Carolina, however, twenty-three rural counties are doing just that.

Western North Carolina is one of seven North Carolina regions that were established during the early 1990s. What makes this region unique is its umbrella organization, Advantage West. Since 1994, Advantage West has marketed and promoted the region and each of its counties. In doing so, the organization has created innovative tools for regional development such as the Certified Industrial Sites program.

Advantage West is the only regional organization in North Carolina to focus on three specific program areas - travel and tourism, film, and industrial marketing.

Conditions Leading to the Practice

In 1990, private sector forces led to the formation of three regions in North Carolina - the Carolinas Partnership (Charlotte), Piedmont Triad Partnership (Greensboro / Winston-Salem), and the Research Triangle Partnership (Raleigh-Durham-Chapel Hill). The vitality and progress of these regions was recognized within and outside of the state.

Davis Phillips, previously a key member of the Piedmont Triad Partnership, had assumed the role of North Carolina Secretary of Commerce in 1992, and naturally was an avid believer in regionalism. At the same time, there was a growing concern about how to support the state's rural areas. The remainder of the state outside the original three regions is rural. So while urban communities were benefiting from regional action, rural communities were not. Such communities typically did not have the private sector champions for regionalism that existed in the urban areas. Regional formations in these communities required a state program.

In 1993, the North Carolina General Assembly created three rural regions – the Western North Carolina Regional Economic Development Commission, North Carolina's Southeast Region, and North Carolina's Northeast Partnership.¹ The

¹ North Carolina's Global TransPark Region was the fourth region created. The region includes counties that surround the Global TransPark, a planned 17,500-acre industrial park for air cargo

enabling legislation assigned member counties to each region. Initial assignment to a region was based on the county's geographic location.² However, the enabling legislation did provide the North Carolina Department of Commerce with authority to add or remove counties from a region. The General Assembly also retained this right. As a result, the Western North Carolina region was in a state of constant evolution during its initial years.

When formed in 1993, the Western North Carolina Regional Economic Development Commission was assigned 16 counties. By year-end 1996, the Department of Commerce added another six counties; the General Assembly removed one county; and two counties belonging to other regions had joined Western North Carolina with state approval. Thus, the region had grown from 16 counties in 1993 to 23 counties in 1996.

The enabling legislation also created funding for regional economic development commissions to serve the member counties. The General Assembly initially provided the Western North Carolina Regional Economic Development Commission with \$1.85 million for the "marketing, development, and implementation of an economic development strategy for the region." The public regional commission board of directors created a private non-profit corporation - Advantage West - to carry out these duties.

Organization

Advantage West is the marketing name for the Western North Carolina Regional Economic Development Commission. It is governed by a board of directors³ and is supported by 10 professionals.

The Chief Executive Officer and Chairperson of the Board of Advantage West serve on the board of directors⁴ for the North Carolina Partnership for Economic Development. This board is co-chaired by the Secretary of Commerce and one of the regional chairpersons (on a rotating basis). This board meets on a quarterly basis to discuss major policy decisions and legislative recommendations at locations throughout the state. The CEO of Advantage West is also part of a work group that consists of the Assistant Secretary of Commerce and other regional executives. This work group meets on a monthly basis to discuss regional coordination.

operations located approximately 20 miles from Greenville. North Carolina's Global TransPark Region was created shortly before the development of the other rural regions.

² The three urban regions and Global TransPark Region had geographically isolated three groups of rural counties in the state. Each of these isolated groups was designated as a rural region.

³ The board of directors for the private non-profit corporation is identical to the board of directors for the regional economic development commission.

⁴ The CEO and Chairperson for each of the seven regions sits on this board.

Western North Carolina was the first region to have a co-location of the regional economic development organization and the North Carolina Department of Commerce. Advantage West is the only regional organization in North Carolina to prioritize three specific program areas - travel and tourism, film, and industrial marketing.

The Practice in Operation

While Advantage West parallels some services offered by other regional economic development organizations in North Carolina, it has also created tools unique to Western North Carolina.

Funding Structure. While funded through state appropriations, the 501(c) 3 status enables Advantage West to also receive charitable donations. The North Carolina General Assembly appropriates funding to the Western North Carolina Regional Economic Development Commission. For example, the General Assembly provided the commission with \$419,999 in November 1994 and \$1,238,694 during the 1995-96 legislative session. Advantage West has also raised approximately \$250,000 in contributions from 10 private corporations representing the banking, telecommunications, and electric utility industries. The third funding resource is the local communities in the region. This is made possible through a matching grant program where communities and Advantage West contribute equal dollars for specific projects.

Matching Grant Program. Since 1995, Advantage West has offered matching grants to help fund local and regional economic development. Generally, these grants are provided to help local economic developers increase their effectiveness or implement an economic development project. Each grant is capped based on type of projects funded. Most grants have not exceeded \$25,000.

(1) Certified Industrial Sites

Purpose: Encourage preparation of industrial sites.⁵

(2) Computer

Purpose: Encourage computer upgrades or the purchase of new computer equipment.

(3) Economic Development Initiative

Purpose: Help finance the "soft costs" of economic development

Example: Engineering services, legal services, financial services.

(4) Special Projects

⁵ See page 5 for a more detailed description of the Certified Industrial Sites program.

Purpose: Encourage innovation through pilot projects (must be able to be replicated elsewhere in the region)

Example: Visitor center kiosk with electronic sign-in function that links visitor with web-based information (e.g., travel and tourism, business and industry, small business development) based on answers to sign-in questions

(5) Sub-regional Marketing

Purpose: Encourage counties with similar economic development assets to work together, recognizing that some counties have more in common with some counties than other counties within the same region

Example: Ad series to promote travel and tourism opportunities in a group of counties, funding to send certain county representatives to an industrial trade show

(6) Work Force Initiative

Purpose: Encourage work force development

Example: Roundtable discussions

While other regional organizations in North Carolina provide loans, Advantage West is the only regional organization to offer matching grants that require a financial commitment from the grant recipient.

Industrial Marketing. Since 1996, Advantage West has coordinated the Certified Industrial Sites program. In response to the perception that Western North Carolina did not have any available industrial properties due to the mountainous terrain, Advantage West launched this program to identify and prepare sites and buildings. Other regions in North Carolina are beginning to replicate the program.

General due diligence is conducted to prepare each certified site, saving companies four to six months in plant start-up time and associated costs. Each site has a phase I environmental audit, geo-technical study, archeological analysis, engineered site development plan, and existing building conditional survey completed. Sites are equipped with commonly sought utility infrastructure and in compliance with all relevant environmental regulations. Prices (for sites and buildings) are set according to market rates and published.

Property owners are responsible for preparing their sites and buildings. Advantage West provides a matching grant of up to \$25,000 to help property owners meet the engineering, design, and planning requirements for certified sites. To qualify for funding, sites must be at least 10 acres in size and provide a developable area of at least 100,000 square feet. Buildings must be at least 20,000 square feet in size. Advantage West, the North Carolina Department of

Commerce, and local economic developers market the certified sites and buildings.

Film Commission. Advantage West's Film Commission, a member of the Association of American Film Commissions, has two key functions. First, the commission provides basic client services. These services include responding to requests for information and assistance (seven days-a-week, 24 hours-a-day) by film makers searching for potential sites, and coordinating support services for local productions. Second, the commission recruits film and video productions to Western North Carolina and markets and promotes the region's advantages for film making through e-commerce, promotional campaigns and trade shows. Advantage West coordinates its efforts with the state film council.

Travel & Tourism. Through the matching grants program, Advantage West provides support to sub-regional marketing campaigns through three tourism host organizations – Smoky Mountain Host, Blue Ridge Mountain Host, and North Carolina High Country Host.

Outcomes

Since 1993, counties in Western North Carolina have benefited from unique and innovative regional economic development services (e.g., Certified Industrial Sites program, matching grant programs) that meet specific needs in the foothills and mountains of North Carolina. These rural counties have also received significant economic dividends as highlighted below.

Matching Grants Induce Community Action. Since 1995, Advantage West has provided matching grants that have had the following impact:

- 20 certified industrial sites or buildings have been prepared
- 13 local economic development organizations have upgraded or purchased computer equipment
- 59 local economic development initiatives have been launched
- 18 special pilot projects have been implemented
- 31 sub-regional marketing campaigns have been developed.

Thus, it appears that the matching grants program has been quite motivational for communities. Also, according to Advantage West CEO Dale Carroll, requiring a matching financial commitment has translated into a general commitment by the recipients to implement and complete the funded project.

Matching Grants Help Level the Playing Field. Advantage West has distributed more than \$2.36 million in matching grant dollars from 1995 to June 2000. In reviewing the allocation of matching grant dollars by county, there appears to be a fairly positive correlation between the economic need of the county and the amount of funding received per capita from Advantage West. For

example, while Caldwell County, one of Western North Carolina's most prosperous communities, has received matching funds amounting to \$0.59 per capita, Clay County, one of the state's most distressed communities, has received funds amounting to \$15.17 per capita.

Allocation of Matching Grant Dollars Per County, 1995 – June 2000

County	2000 Tier Designation ⁶	Total Grant Dollars (\$)	Population	Per Capita Amount (\$)
Caldwell	4	\$44,029.35	74,728	\$0.59
Burke	4	\$68,489.28	83,143	\$0.82
Buncombe	5	\$176,211.66	191,122	\$0.92
Rutherford	3	\$60,480.36	59,396	\$1.02
Wilkes	4	\$68,731.63	63,105	\$1.09
Henderson	5	\$99,540.07	79,148	\$1.26
Watauga	3	\$57,232.11	40,862	\$1.40
McDowell	3	\$79,030.36	39,424	\$2.00
Haywood	3	\$181,520.99	51,267	\$3.54
Polk	3	\$59,530.36	16,393	\$3.63
Macon	3	\$114,399.99	27,664	\$4.14
Jackson	3	\$123,900.09	29,142	\$4.25
Transylvania	5	\$121,837.07	27,845	\$4.38
Cherokee	1	\$100,261.27	22,416	\$4.47
Yancey	1	\$84,859.57	16,349	\$5.19
Ashe	1	\$142,683.90	23,854	\$5.98
Avery	3	\$92,946.40	15,460	\$6.01
Madison	2	\$131,739.78	18,330	\$7.19
Mitchell	2	\$109,277.81	14,729	\$7.42
Alleghany	1	\$96,482.11	9,682	\$9.97
Swain	1	\$121,710.48	11,994	\$10.15
Graham	1	\$107,296.98	7,504	\$14.30
Clay	1	\$122,396.98	8,066	\$15.17
TOTAL		\$2,364,588.60		\$5.00

Source: Western North Carolina Regional Economic Development Commission, June 2000

Certified Industrial Sites Program Generates Economic Development. In just four years, Advantage West has certified 16 industrial sites, 3 existing buildings, and 2 speculative buildings. As of Spring 2000, two of the sites and four of the buildings have been completely occupied. Several of the sites have been partially built-out; some sites are undergoing expansions. While Advantage West has certified sites of varied sizes, some of the sites can be characterized as “mega-sites” due to their large size, such as the McDowell County Industrial Park (100 acres) and Wilkes Industrial Park (550+ acres).

The following table details the key outcomes.

⁶North Carolina has a five-tier ranking system where counties ranked as “Tier 1” are considered to be in the greatest need of economic assistance and counties ranked as “Tier 5” are considered to be in the least need of economic assistance, when compared to other counties in the state.

Advantage West's Certified Industrial Sites Program, 1996-2000

Total Jobs Created	1,100
Total Investment	\$86,850,000
Total Acres Certified	1,128.68
Total Acres Purchased	173.58
Total Square Feet Certified	196,700
Total Square Feet Occupied	119,800
Source: Advantage West, Survey of Property Owners	

Significant Film Production in Western North Carolina. Advantage West reports that more than \$34 million has been spent on film production in Western North Carolina since 1995. Revenues earned from film production in 1999 generated \$12.25 million. Recent movies filmed in the region include *28 Days*, *The Green Mile*, *Forces of Nature*, and *Patch Adams*.

Conclusion

At the helm of the region's economic development activities, Advantage West has introduced unique tools to induce community action, industrial site development, and local innovation. Another distinct feature of this regional program is its attention to the individual communities within the region and the recognition that these communities may share more in common with their immediate neighbors than the region as a whole. Carroll credits the success of Advantage West to its leadership via the 19-member board of directors, its dedicated staff, its co-location with the North Carolina Department of Commerce, and its inclusion of 23 counties, the most for any region in the state, which helps create a significant pool of financial resources and strong team of local professionals.

In sum, the formation of the Western North Carolina region has provided each of its rural counties with greater resources, opportunities for regional and sub-regional collaboration, and the collective competitive advantage that is associated with a regional identity.

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Chronology

1990	Three urban regions driven by the private sector form in North Carolina - the Carolinas Partnership, Piedmont Triad Partnership, and the Research Triangle Partnership
1993	<p>North Carolina General Assembly charts the fourth regional organization: the 13-county Global TransPark Commission in Eastern North Carolina</p> <p>North Carolina General Assembly passes enabling legislation to create three rural regions – the Western North Carolina Regional Economic Development Commission, North Carolina Southeast Region and North Carolina Northeast Partnership</p>
1994	Advantage West creates matching grants program
1995	Advantage West launches matching grants program
1996	Advantage West creates Certified Industrial Sites (CIS) program
2000	<p>Advantage West has provided more than \$2.36 in matching funds since 1995</p> <p>Since 1995, an estimated \$86 million has been invested in CIS properties</p> <p>Western North Carolina has a total of 16 industrial sites and 5 buildings certified since 1996</p> <p>Over 1,100 jobs have been created and \$86 million invested in CIS properties since 1996</p>